

## Dear Customer,

Black Hills Energy filed a proposal with the Iowa Utilities Board on November 25, 2015, to make changes to services provided to farm tap customers by Black Hills Energy. "Farm tap" customers are those whose fuel line connects directly to the interstate natural gas pipeline owned by Northern Natural Gas Company (NNG).

Black Hills Energy provides natural gas distribution service to farm tap customers on behalf of NNG. This service includes billing, customer service, responses to gas leaks, maintenance of odorizers, delivery pressure tests, and consultation on the installation and repair of customer owned facilities. Most of the customer-owned fuel lines were installed many years ago, and the condition of these fuel lines is unknown, since no maintenance records exist. There is also no way to identify the location of many of the lines.

To assure safe delivery of natural gas, Black Hills Energy has proposed a plan that will require farm tap fuel lines to have safety tests to comply with current safety standards, adopt access requirements, establish a line replacement program, and clarify the liability of Black Hills Energy and the farm tap customer for the fuel lines. This plan will provide farm tap customers the ability to receive safe and reliable service through facilities that are in compliance with safety regulations.

Black Hills Energy proposes to replace substandard customer-owned fuel lines with new lines that the company would own, operate and maintain. The cost of testing and replacing these lines would be held by the company until its next rate review. After the conclusion of that review, Black Hills Energy proposes to recover those costs as an additional monthly surcharge over a three year period. The additional surcharge will be paid by all customers not just farm tap customers. This increase is related to Black Hills Energy's cost to replace the fuel lines and does not include the cost of natural gas supplies. Some farm tap customers may also be required to pay an additional fee to accommodate the replacement of exceedingly lengthy lines.

Since it is impossible to determine which of these lines will need to be replaced until after the testing process is completed, the cost of the proposal can only be estimated. Black Hills Energy estimates the maximum customer impact would be less than one dollar per customer per month, on average, for the three year recovery period, except for those farm tap customers who may be required to pay for replacement of part of their fuel line.

Black Hills Energy is providing you this information so that you are aware of the proposal and have an opportunity to provide input. You have the right to submit comments to the Iowa Utilities Board and to participate in public comment meetings. The Board should be provided with any facts that would assist with determining whether the requested increase should be approved by the Board. This information will be made available to the Consumer Advocate, who represents the public interest in rate cases before the Board.

### **Customer comments should be filed using one of the following options:**

1. Through the Board's electronic filing system at: <https://efs.iowa.gov/efs/> under Docket No. SPU-2015-0039,
2. By email to: [customer@iub.iowa.gov](mailto:customer@iub.iowa.gov),
3. By using the comment form on the IUB's Web site: <https://iub.iowa.gov>,
4. By postal mail to the Iowa Utilities Board at: 1375 E. Comt Avenue, Room. 69, Des Moines, Iowa 50319-0069

### **Six public customer informational meetings are currently scheduled:**

1. Newton - Wednesday, August 10, 2016, 6:00 p.m., DMACC Newton Campus, 600 N. 2nd Avenue West, Auditorium, Newton, Iowa
2. Spencer - Tuesday, August 23, 2016, 6:00 p.m., Spencer Area Activity Center, 104 E. 4th Street, Dining Room, Spencer, Iowa
3. Council Bluffs- Wednesday, August 24, 2016, 6:00 p.m., Council Bluffs Public Library, 400 Willow Street, Rooms A and B, Council Bluffs, Iowa.
4. Denison- Monday, August 29, 2016, 6:00 p.m., Boulders Conference Center, 2507 Boulders Drive, Wally Lauridsen Room, Denison, Iowa.
5. Manchester - Wednesday, September 14, 2016, 6:30 p.m., Manchester Fire Department, 400 E. Main, Manchester, Iowa.
6. Webster City- Tuesday, September 20, 2016, 6:00 p.m., Webster City Community Theater, 1001 Willson Avenue, Auditorium, Webster City, Iowa.

If you have any questions about this docket you may contact Black Hills Energy at 800-519-3570, [BHEFarmTapComments@blackhillsenergy.com](mailto:BHEFarmTapComments@blackhillsenergy.com), or the Board's Customer Service section at 877-565-4450

# Notice of changes to services provided to farm tap customers



Black Hills Energy  
1205 SW 37th St.  
Grimes, IA 50111